

**MERCHISTON CASTLE SCHOOL
(COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2021

**Company Registration Number: SC014265
Scottish Charity Number: SC016580**

MERCHISTON CASTLE SCHOOL

REFERENCE AND ADMINISTRATIVE INFORMATION

Year ended 31 July 2021

Chairman	G T G Baird HND FRAgS
Vice Chairman	D C M Moore BSc PhD
Governors	R W Nutton MB BS MD FRCS (Eng) FRCS R S Elliott D C M Moore BSc PhD P M Abrahams MA A Fraser LLB DIPLP NP WS Doctor A Connan MBBS MRCGP FSRH MIPM G C M Hinton BA PGCE N F Mitchell BA CTA N M Judd (appointed 15 March 2021) G R T Baird (resigned on 31 December 2021) S P Abram FICS (resigned on 15 March 2021) I H McAteer LLB (resigned on 15 March 2021) D E L Johnston QC MA PhD LLD FRSE (resigned on 28 June 2021)
Merchistonian Club President	G Thain
Headmaster	J Anderson BA
Secretary / Bursar	P C Axon BEng
Auditors	Geoghegans, Chartered Accountants
Solicitors	Anderson Strathern LLP Gillespie Macandrew
Bankers	Lloyds Banking Group
Insurance Broker	Marsh Brokers Limited
Investment Manager	Rathbone Investment Management
Registered Office and Principal Address	294 Colinton Road, Edinburgh, EH13 0PU
Website:	www.merchiston.co.uk
Scottish Charity Number	SC016580

MERCHISTON CASTLE SCHOOL

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MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT)

For the year ended 31 July 2021

The Governors, who are trustees for the purposes of charity law and directors for the purposes of company law, present their Annual Report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 July 2021. This report is also the Strategic Report and the Directors' Report for purposes of the Companies Act.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Merchiston Castle School is a Company limited by guarantee, governed by its Articles of Association dated 1926 as subsequently amended.

There are 191 (2020 – 194) members who are obliged to guarantee payment of £1 in the event that the Company was to go into liquidation. A list of members is available from the registered office.

Board of Governors

The Board consists of a maximum of eighteen Governors, of whom at least one third must be former pupils of the School. Eight current Governors have had sons at the School. The present Governors are as listed and have held office during the whole of the period from 1 August 2020 to the date of this Report, unless otherwise stated.

Governors' Responsibilities Statement

The Governors (who are trustees for the purposes of charity law and directors of the Charitable Company for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the group and the Charitable Company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Governors' Responsibilities Statement (continued)

The Governors have overall responsibility for the preparation of the financial statements but have delegated this function to the Finance and General Purposes Committee in conjunction with the Secretary/Bursar.

The Governors have also delegated to the Secretary/Bursar the responsibility to keep adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and a responsibility for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to the Auditors

The Governors make this statement of disclosure to the auditors:

- so far as the Governors are aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Governors have taken all the steps which they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Recruitment, Appointment, Induction and Training of Governors

Governors are identified and chosen by the Nominations Committee and are proposed to the full Governors' meeting. Candidates are selected based on eligibility, personal competence and professional skills which can benefit the Company, as well as local availability. New Governors are inducted into the workings of the Company at briefing sessions held with the Chairman, the Headmaster and the Secretary/Bursar. These sessions cover educational and business matters and include a familiarisation tour of the School's facilities. Governors are issued with extensive background material together with the Independent Schools Council's Guidelines for Governors and the Guidelines for Governors issued by the Association of Governing Bodies of Independent Schools.

Governors are encouraged to attend training sessions organised for the education sector. During the year, Governors attended meetings organised by the Scottish Council of Independent Schools and the Association of Governing Bodies of Independent Schools.

All Governors receive Safeguarding training and updates on at least an annual basis from the School's Child Protection Co-Ordinator. The Prevent Duty in England, Scotland and Wales came into force on 1 July 2015. This covers Independent and Grant-aided Schools, with a duty "to prevent people from being drawn into terrorism" falling on governance of individual schools.

Organisational Management

The full Board of Governors meets three times during the year. Certain aspects of the Company's business are delegated to the following sub-committees on which the Headmaster, Company Secretary/Bursar and other senior staff sit as appropriate:

- **Finance & General Purposes** (meets four times during the year) – NF Mitchell (Chairman), GTG Baird, RS Elliot, NM Judd.
- **Education** (meets three times during the year) – RW Nutton, PM Abrahams, Doctor A Connan, GCM Hinton.
- **Wellbeing & Compliance** – PM Abrahams, Doctor A Connan, GCM Hinton.
- **Health & Safety** – RS Elliot.
- **Nominations** – GTG Baird.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Organisational Management (continued)

The Headmaster is appointed by the Governors to manage the day to day operations of the School. In order to facilitate effective operations, the Headmaster and the Secretary/Bursar have delegated authority within terms approved by the Governors for operational matters including educational, finance and employment matters.

Group Structure and Relationships

The School has a trading company (Merchiston Enterprises Limited) which is a company limited by guarantee. Merchiston Enterprises Limited uses facilities owned by the School for letting and promotional events, and runs the School Shop to the benefit of the Charity.

The School also has a trading company (Merchiston International Limited) which is a company limited by shares. Merchiston International Limited services international franchises to promote the Merchiston Castle School ethos and unique educational experience.

Merchiston benefits from the generosity of a thriving network of friends and former pupils whose close interest and support we greatly appreciate and gladly acknowledge.

Risk Management

A regular review of the risks facing the Company and of the controls in place to mitigate these risks is undertaken by the appropriate sub-committees and the full Board.

The key controls used by the Company include:

- formal agendas and minutes of Board and committee meetings;
- detailed terms of reference for committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies; and
- clear authorisation and approval levels.

Through the risk management processes established for the Company, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

Charitable Objects

The Charity's principal object, as set out in its Articles of Association, is the advancement of education.

Objectives, Aims and Intended Impact

Our Mission is: *“to provide a caring community for your son, which treats him as an individual, unearths and tends his talents, encourages him to pursue excellence in all he does, and enables him to flourish.*

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Objectives, Aims and Intended Impact (continued)

We aim to ensure that your son:

- *Acquires the confidence and leadership skills to succeed in a dynamic and global world, and to strive for the highest standards;*
- *Balances modesty and confidence;*
- *Becomes an enthusiastic and curious learner achieving excellence in all he does;*
- *Develops compassion, respect for others and integrity;*
- *Discovers and embraces all the opportunities on offer to develop his talents;*
- *Enjoys a sense of happiness and fulfilment;*
- *Learns tolerance and responsibility;*
- *Understands the needs of others within and beyond our community.”*

Our mission is to set the standard for an education that is tailored to meet the needs of every individual, that readies them to be balanced, adaptable and imaginative citizens, who will seize the opportunities to make their unique impact on the world.

We seek to ensure, therefore, that each pupil who comes to Merchiston realises his full potential, learns new skills and leaves as a courteous, confident, employable and well-rounded individual, with a secure foundation for the journey of life ahead. In this respect, the School fully endorses the key focus of the Scottish Government policy document “A Curriculum for Excellence” in promoting and developing the following key capacities in young people in helping them to become:

- successful learners;
- confident individuals;
- responsible citizens; and
- effective contributors to society.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Strategic Objectives for the Year

The Strategic Objectives agreed in June 2019 continued to inform the School Development Plan. The key themes were as follows:

- Grow the pupil roll;
- Maintain excellence in the classroom and beyond;
- Secure the future of Merchiston Juniors in a declining market;
- Enhance the VI Form experience;
- Improve and enhance the School environment and facilities;
- Develop and maintain links with key stakeholders and community partners;
- Expand the Merchiston International School brand and maximise earning potential through Enterprise activities.

We continued to monitor academic standards against external public examinations and independent value-added criteria. That said, this was a much changed picture given the impact of the COVID-19 pandemic on the normal operation of public examinations; both pupils and staff performed admirably in the face of some very challenging conditions.

As identified in the School Development Plan, leadership structures were reviewed and as a result, restructured at the beginning of the academic year.

The principal financial objective is to produce an annual surplus which is adequate to meet the future needs of the School in terms of investment and maintenance of the campus. The budgeted surplus is calculated following careful consideration, and seeks to treat both our fee-paying parents and staff fairly.

Strategies to Achieve the Year's Objectives

Ongoing academic achievement is a continual process and is the result of:

- regular review of the academic programme and the performance of staff and pupils within this framework, with a view to offering the most appropriate range of subjects at all levels in the School;
- the commitment of appropriate resources to academic departments and co-curricular activities;
- the development of innovative pedagogy, this year inspired in part by COVID-19 restrictions on face to face teaching.

Strategies employed include an ongoing programme of online staff training, team teaching and shared teaching practice and continuous professional development via the School's Professional Review and Development structures.

The School Improvement Plan (SIP) (updated September 2020-21) is an important tool used to audit the School's performance and priorities. The SIP reflects on feedback from the previous academic year and sets out the Merchiston development themes for the current academic year, which were:

- COVID-19 reopening and support: ensuring the safety of all and a positive School experience;
- Learning and Teaching: assessing the impact of COVID-19 disruption and supporting recovery for all, but with a focus in public examination year groups;
- Rights Respecting School Award: focusing on Sustainability, Wellbeing and Diversity and attainment of the Silver Award;
- Strategic Planning: implementing the School Development and Post COVID-19 recovery plans.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Principal Activities Employed in Pursuit of these Objectives

The School continues to provide a well-rounded education for pupils, with a high level of achievement both academically and beyond the classroom. Academic curiosity was encouraged in spite of limitations on teaching faced throughout the course of the year. A strong focus on values was maintained to ensure that boys leave Merchiston as happy and grounded individuals, not only having experienced the highest level of personal academic success, but also with a strong sense of self belief combined with respect and empathy for others, having learnt what it means to have true integrity and character.

Co-curricular activity and engagement with other schools has an important role to play in helping to provide a broad education and in developing the minds of young people. However, COVID-19 curtailed many such opportunities in the 2020-21 academic year. Innovative approaches were deployed to ensure pupils stayed connected with one another and had access to creative and sporting pursuits.

The restructuring of senior and middle leadership roles provided the School with an opportunity to redefine key roles, deploy staffing resource more effectively and ultimately enhance the successful operation of the School.

In order to safely provide a sector leading academic and pastoral programme, safety was a key factor in the management of our buildings and facilities. Alongside our on-going rolling programme of refurbishment, facilities were adapted in order to create a COVID-19 safe environment in which pupils could safely learn and colleagues could safely work.

Policy on Means-Tested Assistance and Access

Merchiston Castle School offers financial assistance by means of a Bursary Fund designed to enable any child to have access to a Merchiston education, irrespective of financial circumstances. All Bursary awards are means-tested and require a financial statement from parents. A range of factors is considered in making the awards, and as a result, the number and size of Bursaries can vary considerably. Bursary awards may be up to 100% fee remission. Bursary awards are intended to facilitate access both for new pupils and also to assist existing pupils where there has been a significant change in financial circumstance which threatens the pupil's continued education at Merchiston. In addition, a COVID-19 Hardship Fund has been set up to provide financial assistance to families who have experienced a significant reduction in their family income, affecting their ability to pay school fees as a direct result of the COVID-19 pandemic.

Full details are published on the School's website:
www.merchiston.co.uk/admissions/financial-support

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) For the year ended 31 July 2021

ACHIEVEMENTS AND PERFORMANCE

Care and welfare of pupils

The Pupil Support Leadership Team (PSLT) comprises the Deputy Head Wellbeing (Child Protection Co-ordinator), Assistant Head Pupil Support (Deputy Child Protection Co-ordinator), Chaplain, and Senior Medical Sister and meets weekly to discuss all aspects of pupil wellbeing. All PSLT members also meet regularly with Housemasters, both collectively and individually, to ensure parity of provision across the school.

Around every pupil there is a Housemaster, Housemother, Tutor and a team of Prefects, resident staff and Tutors whose roles are to safeguard each pupil's welfare whilst at School.

There is regular contact between the PSLT and the nominated Child Protection Liaison Governor, ensuring consistent oversight of processes.

The Medical Centre is staffed by a well-qualified and dedicated team of 4 nurses which provides first class care for pupils' physical and mental health needs. A visiting physiotherapist and twice-weekly GP surgeries complete the medical provision.

There is a fully qualified School Counsellor, who offers individual support sessions to pupils of all ages as relevant.

All staff undertake regular Child Protection training relevant to their role and receive termly Child Protection updates from the Child Protection Co-ordinator.

Merchiston also runs a detailed Personal, Social and Health Education (PSHE) programme appropriate to each year group within the curriculum.

The School maintains a positive and productive relationship with the Care Inspectorate and Education Scotland and has on-going engagement with our link inspector.

Feedback from pupils is a crucial part of the school's wellbeing provision, and Pupil Voice committees and annual surveys are the principal mechanisms for managing this.

In line with Merchiston's policy to engage fully with our Duty of Candour responsibilities, an annual report is available on the School website. In the year 01 April 2020 – 31 March 2021, there were no incidents involving the Duty of Candour.

Operational Performance of the School

The academic year ended with 381 pupils (227 boarders and 154 day pupils), which, given the current global crisis, is reflective of the continuing high reputation of the School and the considerable efforts of staff involved in recruitment and retention of pupils.

Face-to-face teaching was suspended from 6 January 2021, after which learning and teaching moved online to deliver a high-quality educational provision throughout the Lent Term. The timetable and routines were, as far as was practically possible, replicated online, which included teaching and learning, support for learning, tutorials, house meetings, music lessons and co-curricular activities.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Operational Performance of the School (continued)

This proved to be incredibly successful and a positive reflection on the dedicated efforts of pupils, staff and their parents.

External examinations were once again cancelled, with centre assessed grades taking their place. This was, in reality, a series of smaller scale assessment opportunities taking place over the Summer Term, a huge undertaking for students and staff. They approached this with energy and integrity, and the outcomes were positive and hard earned. The A*-C grade pass-rate for A Level examinations was 97%, and an impressive 92% of grades were A*, A and B grades. 3 A's at A Level equates to 144 UCAS points; Merchiston's average being 160 points. 95% of pupils gained grades which enabled them to accept the offers at their first or second choice of university. 54% of successful applicants in 2021 gained places at UK Russell Group Universities, Bath, St Andrews and leading international institutions. 1 pupil gained a place at Oxford University, and 1 gained a place at Cambridge.

The 9-4 grade pass-rate for GCSE examinations was 97%, of which 48% of grades were at 9/8, and 72% of grades were at 9/8/7.

The School continues to focus on adding value to the education of our students and, although this has been more challenging to measure in the pandemic context, this is something which we will be able to measure more fully as we return to a sense of normality.

Each year, boys in the Lower Sixth Form have the opportunity to undertake a Cecil Stagg Society independent research project on a subject of their choosing. This has resulted in the production of some truly excellent pieces of research, and all projects that were completed to the required standard were awarded a Headmaster's Distinction.

Drama has proven particularly challenging in the pandemic context and, although no productions were able to take place this year, plans are in place to reintroduce at least elements of productions in the coming year.

The Chapel Choir, Close Harmony Group, Orchestra, Jazz Band and the Pipe Band all continued to perform online, despite the disruption of COVID-19.

Our students would routinely have been involved in a variety of external academic competitions over the year, but these have been curtailed to a great extent during the pandemic. There have been online versions of many, but without the usual competitive element. We look forward to the full return of these in due course.

School sport has been significantly impacted by COVID-19 restrictions, which have been in place in varying degrees from February 2020. Despite this, sport continues to thrive, and participation in sport remains a cornerstone of Merchiston life.

Throughout periods of lockdown we maintained focus on getting our pupils active, providing opportunities to participate in live lessons with classmates and teachers and providing an outlet to take them away from screens. Opportunities to participate in competitive sports have been severely restricted throughout the pandemic, however the Sports Department have worked hard to provide creative activities to keep pupils engaged and, once the restrictions allowed, to actively involve them in internal competitions and external fixtures where possible.

We look forward to resuming our full programme of sports, including a return to external fixtures and competitions in the coming year.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) **For the year ended 31 July 2021**

Fundraising Performance

A total of £25,434 was raised for the Bursary Fund, which continued to raise funds for financial assistance. In addition, £169 was refunded from the Sports & Leisure Appeal, from funds to assist with extending and improving the leisure facilities available to the pupils. We wish to thank those whose contributions have enabled a number of pupils to attend Merchiston and helped us improve the School environment.

Investment Performance

During the year, the investment portfolio increased in value by 43.3%, which compares with an increase of 17.5% by the Balanced Portfolio Index operated by WMA (Wealth Management Association).

Our trading subsidiaries achieved the following financial results in the year: Merchiston Enterprises Limited achieved a surplus on ordinary activities of £22,746 (2020 - £24,428), which was used to donate £22,000 (2020 - £24,000) to the School; Merchiston International Limited reported a surplus on ordinary activities of £143,916 (2020 – deficit of £58,896), which was used to donate £85,000 (2020: £nil) to the School.

PUBLIC BENEFIT

The Curriculum and Co-curricular Activities

We had 13 markers/examiners/moderators/paper-setters for the Assessment and Qualifications Alliance (AQA); Edexcel; Scottish Qualifications Authority (SQA); Oxford, Cambridge and RSA Examinations (OCR); and the International Baccalaureate. In 2019, this provided marking for 23 different papers but, ultimately, these were not utilised in 2020-21 due to the cancellation of examinations.

Our Head of Mathematics was a Test Constructor and Candidate Proxy for the OCR AS Level and A Level Mathematics and Further Mathematics papers.

Our Mandarin specialist works with SQA as Principal Assessor, Deputy Principal Verifier and Visiting Assessor for Higher and Advanced Higher Chinese courses; she is also an Associate Tutor with the Edinburgh University PGDE programme and Governor at the Alba Cathy Chinese School in Edinburgh.

The Senior Deputy Head taught Module 6 of the HMC Pastoral Leadership Qualification.

The Headmaster is the Schools and Youth representative on the Scottish Rugby Union Council.

MERCHISTON CASTLE SCHOOL**ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued)****For the year ended 31 July 2021****Means Tested Assistance and Access**

Merchiston Castle School is not a wealthy school in terms of endowments provided by previous generations of Merchistonians. However, it is able to offer financial assistance by means of a Bursary Fund designed to enable any child to have access to a Merchiston education, irrespective of their financial circumstances. All Bursary awards are means-tested and require a financial statement from parents. A range of factors is considered in making the awards, and as a result, the number and size of Bursaries can vary considerably. Bursary awards may be up to 100% fee remission. Bursary awards are intended to facilitate access both for new pupils and also to assist existing pupils where there has been a significant change in financial circumstance which threatens the pupil's continued education at Merchiston.

Full details are published on the School's website:
www.merchiston.co.uk/admissions/financial-support

During the year, 133 pupils (2020 – 137 pupils) or 34.9% (2020 – 32.5%) of the School roll received a Bursary or other fee remission, which includes 2 pupils receiving support from the Royal National Children's SpringBoard Foundation. 2 pupils are in receipt of an Education Maintenance Allowance (EMA).

The value of means-tested Bursaries awarded in academic year 2020-21 amounted to £865.3k, which is 8.3% of gross fee income. Other forms of non-means-tested assistance were also awarded during the academic year, including sibling and staff discounts. In total these awards amounted to £404.5k (3.9% of gross fee income).

Pupil numbers

The average number of pupils in the School for the year was 381.

	Boarding	Day	TOTAL
Junior	24	54	78
Senior	210	93	303
TOTAL	234	147	381

Fees

The following termly fees were charged during 2020/21:

	Boarding	Day
J4, J5, and First Form	£7,220	£5,010
Second and Third Form	£8,390	£5,660
Senior	£11,730	£8,510

Charitable Giving and Fundraising

Over £2,900 was raised by the School for charity. The full listing of Merchiston's charitable donations is published on the website. Donations were made to the following charities:

Forth 1 Cash for Kids, Cyrenians, Little Princess Trust, Poppy Scotland, Save the Children, St. Catherine's Convent, The British Legion.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued)

For the year ended 31 July 2021

Koinonia (Teamwork in the Community)

As with several other activities this year our opportunities for Teamwork in the Community were limited, however pupils embarked upon a number of charitable fundraising initiatives, supporting local organisations such as Cyrenians, an Edinburgh-based charity for the homeless. The School provided support to the local community by delivering food donations to community hubs, and supporting the distribution of food parcels to families. Other initiatives included collections for Edinburgh Children's Hospice, Forth One Mission Christmas and Edinburgh City Mission.

Use of facilities by the local community and school-age children

Due to the ongoing restrictions we were unable to open the School to allow our facilities to be used by the local community or local school-age children. We hope to resume this activity in the coming year should restrictions allow.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Group's operating deficit excluding donations and legacies for the year was £490,318 (2020 – £115,156). The Group's overall surplus for the year was £212,350 (2020 – £425,772). At the year end, there were net current assets of £4,748,655 (2020 – £4,661,786) and net liquid funds of £5,850,977 (2020 - £5,533,999). The Group has sufficient working capital by way of cash to ensure that the School can continue to operate effectively.

Funds continue to be made available for the refurbishment of other areas of the School, with capital expenditure during the year being £125,483 (2020 – £1,469,125). The commercial letting of the School's facilities produced a surplus of £39,169 (2020 - £47,027) which will be reinvested in School facilities.

Investment Policy and Objectives

Our investment portfolio is managed to achieve a balance, focused on overall return and long-term growth in both income and capital. The principal activity of Merchiston Enterprises Limited continues to be to promote the interests and welfare of the School. The principal activity of Merchiston International Limited is to promote the Merchiston Castle School ethos and unique educational experience abroad.

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT) (Continued) For the year ended 31 July 2021

Reserves Policy

The Group's total reserves stood at £17,994,495 (2020 - £17,782,145) at the year end, which are held for the furtherance of the Group's charitable aims. The Group's policies are to strengthen its reserves through strict budgeting and financial processes and that the need for day to day working capital is met by these reserves.

At the same time, the Board is committed to reinvest operational surpluses into School improvements to ensure our buildings, facilities and educational needs meet the requirements of a first-rate independent boys' boarding school.

The level of the Group's reserves will continue to be closely monitored.

FUTURE PLANS

The continued emphasis of future plans is on the delivery of **excellence** and **sustainability** across all areas of the organisation. As predicted the pandemic has continued to test financial sustainability and will continue to do so in the emergent post COVID-19 world. A broad reaching review of all aspects of the business, has identified several key areas for development in the year ahead

These key areas are as follows:

- **Educational excellence** – redesign of the School working week to allow the successful delivery of the very best in academic, co-curricular and character education;
- **Sustainability** – development of the School's education offering to encourage a much broader reach in terms of pupil recruitment and retention.
- **Boarding facilities** – initiation of boarding house refurbishment and restructure as part of a proposed rolling programme.

Approved by the Board of Governors and signed on behalf of the Board by:

DocuSigned by:
Philippa Axon
982A47484BD64B8...

PC Axon, Secretary

14 March 2022

MERCHISTON CASTLE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Opinion

We have audited the financial statements of Merchiston Castle School (the “parent charitable company”) and its subsidiaries (together forming “the group”) for the year ended 31 July 2021 which comprise the group Income and Expenditure Account, the group and parent charitable company Statement of Financial Activities, the group and parent charitable company Balance Sheet, the group and parent charitable company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and parent charitable company’s affairs as at 31 July 2021 and of the group and parent charitable company’s incoming resources and application of resources, including the group and parent charitable company’s income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The Governors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

MERCHISTON CASTLE SCHOOL

INDEPENDENT AUDITOR'S REPORT (Continued) TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Governors' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

MERCHISTON CASTLE SCHOOL

INDEPENDENT AUDITOR'S REPORT (Continued) TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures to respond to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we consider the following:

- the nature of the industry, control environment and business performance of the charity;
- the results of our enquires with management and Governors about their own identification and assessment of the risks of irregularities; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we consider the opportunities and incentives that may exist within the charity for fraud. In common with all audits under ISAs (UK), we perform specific procedures to respond to the risk of management override and inappropriate income recognition.

We also obtain an understanding of the legal and regulatory environment in which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements and those which may be fundamental to the charity's ability to operate. The key laws and regulations we considered in this context included the Statement of Recommended Practice: Accounting for Charities FRS 102 (2019), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

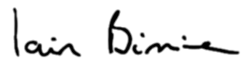
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MERCHISTON CASTLE SCHOOL

**INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL**

Use of our report

This report is made exclusively to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Governors, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and its Governors those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's members as a body and its Governors as a body, for our audit work, for this report, or for the opinions we have formed.



Iain Binnie
Senior Statutory Auditor
For and on behalf of Geoghegans, Statutory Auditor

14 March 2022

6 St Colme Street, Edinburgh, EH3 6AD
Geoghegans is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MERCHISTON CASTLE SCHOOL**GROUP INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 July 2021**

	Notes	2021 £	2020 £
Income			
School fees	2	9,140,432	10,358,630
Donations and legacies	2	497,980	581,510
Investment income	2	24,924	47,769
Rental and other income	2	<u>386,027</u>	<u>184,705</u>
Total income		<u>10,049,363</u>	<u>11,172,614</u>
Expenditure			
Staff costs	4	6,025,901	6,533,543
Other external charges	6	4,012,463	4,166,797
Interest and charges	7	<u>3,337</u>	<u>5,880</u>
Total expenditure	9	<u>10,041,701</u>	<u>10,706,220</u>
Operating surplus for the year		7,662	466,394
Realised and unrealised gain / (loss) on investments	10	<u>204,688</u>	<u>(40,622)</u>
Retained surplus for the year		<u><u>212,350</u></u>	<u><u>425,772</u></u>

MERCHISTON CASTLE SCHOOL**GROUP BALANCE SHEET****As at 31 July 2021**

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	11	13,274,265	13,967,116
Investments	12	<u>700,928</u>	<u>480,344</u>
		<u>13,975,193</u>	<u>14,447,460</u>
Current Assets			
Stock	14	127,354	112,240
Debtors	15	352,839	414,297
Cash at bank and in hand		<u>5,850,977</u>	<u>5,533,999</u>
		6,331,170	6,060,536
Creditors: Amounts falling due within one year	16	<u>(1,582,515)</u>	<u>(1,398,750)</u>
Net Current Assets		<u>4,748,655</u>	<u>4,661,786</u>
Total Assets less Current Liabilities		18,723,848	19,109,246
Creditors: Amounts falling due after more than one year	17	<u>(729,353)</u>	<u>(1,327,101)</u>
Net Assets		<u><u>17,994,495</u></u>	<u><u>17,782,145</u></u>
		£	£
Reserves			
Unrestricted Funds	19	16,603,341	16,488,064
Revaluation Reserve	19	<u>339,252</u>	<u>134,564</u>
Total Unrestricted Funds		16,942,593	16,622,628
Restricted Funds	19	<u>1,051,902</u>	<u>1,159,517</u>
		<u><u>17,994,495</u></u>	<u><u>17,782,145</u></u>

These financial statements were approved by the Governors and authorised for issue on 14 March 2022.

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Gareth Baird
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G T G Baird

Chairman

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Mil Mitchell
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N F Mitchell

Governor

Company Registration Number: SC014265

MERCHISTON CASTLE SCHOOL**CHARITABLE COMPANY BALANCE SHEET****As at 31 July 2021**

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	11	13,362,833	14,055,684
Investments	12	<u>700,929</u>	<u>480,345</u>
		<u>14,063,762</u>	<u>14,536,029</u>
Current Assets			
Stock	14	25,754	21,170
Debtors	15	681,185	692,950
Cash at bank and in hand		<u>5,577,885</u>	<u>5,360,246</u>
		6,284,824	6,074,366
Creditors: Amounts falling due within one year	16	<u>(1,570,879)</u>	<u>(1,387,616)</u>
Net Current Assets		<u>4,713,945</u>	<u>4,686,750</u>
Total Assets less Current Liabilities		18,777,707	19,222,779
Creditors: Amounts falling due after more than one year	17	<u>(729,353)</u>	<u>(1,327,101)</u>
Net Assets		<u>18,048,354</u>	<u>17,895,678</u>
		£	£
Reserves			
Unrestricted Funds	19	16,657,200	16,601,597
Revaluation Reserve	19	<u>339,252</u>	<u>134,564</u>
Total Unrestricted Funds		16,996,452	16,736,161
Restricted Funds	19	<u>1,051,902</u>	<u>1,159,517</u>
		<u>18,048,354</u>	<u>17,895,678</u>

These financial statements were approved by the Governors and authorised for issue on 14 March 2022.

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G T G Baird

Chairman

DocuSigned by:

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N F Mitchell

Governor

Company Registration Number: SC014265

MERCHISTON CASTLE SCHOOL**GROUP STATEMENT OF FINANCIAL ACTIVITIES****For the year ended 31 July 2021**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £	2020 £
Income and endowments from:					
Donations, grants and legacies	2	472,252	25,728	497,980	581,510
Charitable activities	2	9,247,090	-	9,247,090	10,425,980
Other trading activities	2	279,369	-	279,369	117,355
Investments	2	24,924	-	24,924	47,769
Total incoming resources	2	<u>10,023,635</u>	<u>25,728</u>	<u>10,049,363</u>	<u>11,172,614</u>
Expenditure on:					
Raising funds	9	217,793	-	217,793	298,431
Charitable activities	9	<u>9,799,074</u>	<u>24,834</u>	<u>9,823,908</u>	<u>10,407,789</u>
Total resources expended	9	<u>10,016,867</u>	<u>24,834</u>	<u>10,041,701</u>	<u>10,706,220</u>
Net income before gains and losses		6,768	894	7,662	466,394
Net gain / (loss) on investments	10	<u>204,688</u>	<u>-</u>	<u>204,688</u>	<u>(40,622)</u>
Net incoming resources before transfers		<u>211,456</u>	<u>894</u>	<u>212,350</u>	<u>425,772</u>
Transfers between funds	19	<u>108,509</u>	<u>(108,509)</u>	<u>-</u>	<u>-</u>
Net movement in funds		319,965	(107,615)	212,350	425,772
Reconciliation of funds:					
Fund balances at 1 August 2020		<u>16,622,628</u>	<u>1,159,517</u>	<u>17,782,145</u>	<u>17,356,373</u>
Fund balances at 31 July 2021		<u>16,942,593</u>	<u>1,051,902</u>	<u>17,994,495</u>	<u>17,782,145</u>

The group Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing operations.

MERCHISTON CASTLE SCHOOL**CHARITY STATEMENT OF FINANCIAL ACTIVITIES****For the year ended 31 July 2021**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £	2020 £
Income and endowments from:					
Donations, grants and legacies	2	468,056	25,728	493,784	574,568
Charitable activities	2	9,247,190	-	9,247,190	10,426,080
Investments	2	131,912	-	131,912	71,731
Total incoming resources	2	<u>9,847,158</u>	<u>25,728</u>	<u>9,872,886</u>	<u>11,072,379</u>
Expenditure on:					
Raising funds	9	100,990	-	100,990	139,647
Charitable activities	9	9,799,074	24,834	9,823,908	10,407,789
Total resources expended	9	<u>9,900,064</u>	<u>24,834</u>	<u>9,924,898</u>	<u>10,547,436</u>
Net (expenditure) / income before gains and losses		(52,906)	894	(52,012)	524,943
Net gain / (loss) on investments	10	204,688	-	204,688	(40,622)
Net incoming resources before transfers		<u>151,782</u>	<u>894</u>	<u>152,676</u>	<u>484,321</u>
Transfers between funds	19	<u>108,509</u>	<u>(108,509)</u>	<u>-</u>	<u>-</u>
Net movement in funds		260,291	(107,615)	152,676	484,321
Reconciliation of funds:					
Fund balances at 1 August 2020		<u>16,736,161</u>	<u>1,159,517</u>	<u>17,895,678</u>	<u>17,411,357</u>
Fund balances at 31 July 2021		<u>16,996,452</u>	<u>1,051,902</u>	<u>18,048,354</u>	<u>17,895,678</u>

The charity Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing operations.

MERCHISTON CASTLE SCHOOL**RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES****For the year ended 31 July 2021**

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Net movement in funds for the year (as per the SOFA)	212,350	425,772	152,676	484,321
Adjustments for:				
(Gain) / loss on investments	(204,688)	40,622	(204,688)	40,622
Investment income	(24,924)	(47,731)	(131,912)	(71,731)
Gain on disposal of fixed assets	-	(1,700)	-	(1,700)
Depreciation	818,334	810,204	818,334	810,204
(Increase) in stock	(15,114)	(5,486)	(4,584)	(8,333)
Decrease in debtors	61,458	618,799	11,765	513,909
Increase / (decrease) in creditors due within one year	183,765	(1,301,514)	183,263	(1,302,471)
(Decrease) / increase in creditors due after one year	(597,748)	518,145	(597,748)	518,145
Net cash inflow from operating activities	433,433	1,057,111	227,106	982,966

STATEMENT OF CASH FLOWS AND CONSOLIDATED CASH FLOWS**For the year ended 31 July 2021**

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities:				
Net cash inflow from operating activities	433,433	1,057,111	227,106	982,966
Cash flows from investing activities:				
Investment income	24,924	47,731	131,912	71,731
Payments to acquire tangible fixed assets	(125,483)	(1,469,124)	(125,483)	(1,469,124)
Receipts from sale of assets	-	1,700	-	1,700
Receipts from sale of investments	83,314	-	83,314	-
Payments to acquire investments	(99,210)	-	(99,210)	-
Net cash flow used in investing activities	(116,455)	(1,419,693)	(9,467)	(1,395,693)
Change in cash and cash equivalents in the year	316,978	(362,582)	217,639	(412,727)
Cash and cash equivalents at the beginning of the year	5,533,999	5,896,581	5,360,246	5,772,973
Cash and cash equivalents at the end of the year	5,850,977	5,533,999	5,577,885	5,360,246

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2021

1 Accounting Policies

Company information

Merchiston Castle School is a private company limited by guarantee incorporated in Scotland. The registered office address is 294 Colinton Road, Colinton, Edinburgh, EH13 0PU.

Basis of financial statements preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice on Accounting and Reporting by Charities (the Charities SORP (FRS 102)).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements, the Governors are of the opinion that the group has adequate funds to continue in operational existence for the foreseeable future. Thus the Governors continue to adopt the going concern basis of accounting in preparing the financial statements. The Governors have considered Covid-19 during their assessment on the going concern status of the School. They believe that no material circumstances exist which impact the financial statements being prepared on a going concern basis.

Group financial statements

These financial statements consolidate the results of Merchiston Castle School with Merchiston Enterprises Limited and Merchiston International Limited on a line by line basis. No income and expenditure account is presented for the company as permitted by section 408 of the Companies Act 2006.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations, grants, legacies and similar incoming resources are included in full in the Statement of Financial Activities when received unless they relate specifically to another accounting period.
- Incoming resources from activities for generating funds are accounted for when earned. This includes income from the School's trade which includes the rental and hire of the School buildings and facilities.
- Investment income is included when receivable and is generated from dividends and interest.
- Incoming resources from charitable activities are accounted for when earned and include income generated from school fees and other operating activity income. These are included net of bursaries and scholarships granted by the School.
- Other income is recognised when receivable and includes the rental and hire of the School buildings and facilities for educational purposes and income from the School Shop.

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 July 2021

1 Accounting Policies (continued)

Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred and it is reported as part of the expenditure to which it relates. The charitable company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT. The following specific policies are applied to particular categories of expenditure:

- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of the charitable activities carried out which meet the objectives of the charity. Expenditure on charitable activities includes governance costs which comprise the costs of running the charity, including strategic planning for its future development, also external audit, any legal advice for the School Governors and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory financial statements and satisfying public accountability.
- Costs of raising funds include the costs relating to the renting of buildings and facilities and all other direct costs associated to fundraising activities.

Costs are allocated and apportioned between activities based on the nature of the cost incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as the purchase cost of materials. Net realisable value is the amount which it is anticipated would be realised in the normal course of trade after making due allowance for discounts and selling expenses.

Fixed assets and depreciation

Fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Expenditure below £3,000 is not capitalised unless part of a larger project whilst expenditure above this amount will be assessed for capitalisation in line with the school's capitalisation policy.

Depreciation is calculated at the following rates so as to write off the assets over their estimated useful lives.

Land	Nil
Assets under construction	Nil
Freehold land and buildings	2% - 10% on a straight line basis
Property improvements	5% - 10% on a straight line basis
Furniture and equipment	10% - 25% on a straight line basis
Plant, machinery and motor vehicles	10% - 20% on a straight line basis

Investments

Investments are included at market value at the year end. Net investment gains and losses for the year are shown in the income and expenditure account and statement of financial activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments.

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**1 Accounting Policies (continued)*****Judgements and key sources of estimation uncertainty***

In the application of the group's accounting policies, the Governors' are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charities balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income and expenditure account.

Financial liabilities

Creditors with no stated interest rate and payable within one year are recorded at transaction price.

All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable. After initial recognition they are measured at amortised cost.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the income and expenditure account as they are incurred.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase agreements are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the income and expenditure account over the periods of the lease and hire purchase agreements and represent a constant proportion of the balance of the capital repayments outstanding.

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 July 2021

1 Accounting Policies (continued)

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Scheme

The charitable company contributes to the Scottish Teachers' Pension Scheme, which is a defined benefit scheme and is an unfunded, contributory and voluntary membership scheme. In addition, a defined contribution scheme is in operation for non-teaching staff. Contributions to both schemes are charged when they become payable.

Fund Accounting

Unrestricted funds are available for use at the discretion of the members in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**2 Income (continued)**

Included within unrestricted donation and grant income is a government grant of £356,375 (2020: £423,749) relating to the Coronavirus Job Retentions Scheme (CJRS).

3 Income from the Connected Undertaking's Trading Activities

Merchiston Enterprises Limited is a company limited by guarantee which promotes the interests and welfare of Merchiston Castle School. Its trading results for the year, as extracted from the audited financial statements for the year ended 31 July 2021, are summarised below:

	2021 £	2020 £
Turnover	135,564	121,597
Government grant – CJRS	4,166	3,999
Cost of sales and administrative expenses	<u>(116,983)</u>	<u>(101,168)</u>
Net profit before tax	22,747	24,428
Taxation	<u>(61)</u>	<u>(81)</u>
Surplus after tax	<u>22,686</u>	<u>24,347</u>

Merchiston International Limited is a company limited by shares which promotes the Merchiston Castle School ethos and unique educational experience abroad. Its trading results for the year, as extracted from the audited financial statements for the year ended 31 July 2021, are summarised below:

	2021 £	2020 £
Turnover	146,669	-
Government grant – CJRS	-	2,943
Bank interest	12	38
Cost of sales and administrative expenses	<u>(61,877)</u>	<u>(61,877)</u>
Net profit / (loss) before tax	144,110	(101,168)
Taxation	<u>(122)</u>	<u>-</u>
Surplus / (deficit) after tax	<u>143,988</u>	<u>(58,896)</u>

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021

4 Employee Information	2021	2020
	£	£
Staff costs comprise:		
Wages and salaries	4,795,057	5,166,221
Social security costs	465,395	515,286
Pension and other costs	765,449	852,036
	<u>6,025,901</u>	<u>6,533,543</u>

Included in the above values are termination and redundancy costs amounting to £135,966 (2020 - £52,953).

The average monthly number of persons employed by the group during the year was:

	2021	2020
	No.	No.
Teaching and support	78	88
Catering and domestic	38	38
Administration	27	37
	<u>143</u>	<u>163</u>

The number of employees whose salaries were above £60,000 for the year were:

	Salaries including taxable benefits.		Salaries including taxable benefits, termination and redundancy costs.	
	2021 No.	2020 No.	2021 No.	2020 No.
Between £60,000 and £70,000	1	3	2	3
Between £70,000 and £80,000	-	-	1	-
Between £80,000 and £90,000	1	3	-	3
Between £100,000 and £110,000	1	-	1	-
Between £110,000 and £120,000	1	-	1	-
Between £120,000 and £130,000	-	1	-	1
Between £160,000 and £170,000	-	-	1	-

None (2020 - none) of the above employees were accruing benefits under a defined benefit pension scheme and all six (2020 - seven) were accruing benefits under a defined contribution scheme. Total pension contributions made in respect of these employees in the year totalled £80,882 (2020 - £109,295).

Remuneration of key management personnel

The remuneration of key management personnel is as follows:	2021	2020
	£	£
Aggregate remuneration	<u>721,831</u>	<u>600,293</u>

Included in the above values are termination and redundancy costs amounting to £102,489 (2020 - £nil).

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**5 Pension Costs**

The School participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. The next valuation will be as at 31 March 2020 but has yet to be finalised and this will set contribution rates from 1 April 2022.

The School has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the School is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate from 1 April 2019 was 17.2% of pensionable pay, which increased to 23% from 1 September 2019. While the employee rate applied is a variable it is anticipated to provide an actuarial yield of 9.4% of pensionable pay.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the Scottish Teachers' Pension Scheme is known and its impact fully assessed in relation to any additional costs to the scheme.

The School's level of participation in the scheme is 0.16% based on the proportion of employer contributions paid in 2020-21. The pension charge in relation to the scheme represents contributions payable by the Company to the fund and amounted to £602,333 (2020 - £680,451).

6 Other External Charges

	2021	2020
	£	£
This is stated after charging / (crediting):		
Gain on sale of fixed assets	-	(1,700)
Depreciation	818,334	810,204
Auditors' remuneration (company £10,800)	<u>14,800</u>	<u>14,600</u>

7 Interest Payable and Similar Charges

	2021	2020
	£	£
Interest and charges on bank facilities	<u>3,337</u>	<u>5,880</u>

8 Taxation

As a charity, Merchiston Castle School is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity. The wholly owned trading subsidiaries are subject to corporation tax. However, payments from the taxable income of the companies are made through the gift aid provisions.

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 July 2021

9. Analysis of Total Resources Expended

Group	Year ended 31 July 2021			Year ended 31 July 2020		
	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Fundraising expenses	100,990	-	100,990	139,647	-	139,647
Trading – Merchiston Enterprises Limited & Merchiston International Limited	116,803	-	116,803	158,784	-	158,784
Raising funds	<u>217,793</u>	<u>-</u>	<u>217,793</u>	<u>298,431</u>	<u>-</u>	<u>298,431</u>
Staff costs	5,908,909	-	5,908,909	6,328,483	-	6,328,483
Governance costs	14,800	-	14,800	14,600	-	14,600
Other costs	3,057,031	24,834	3,081,865	3,248,142	6,360	3,254,502
Depreciation	818,334	-	818,334	810,204	-	810,204
Charitable activities	<u>9,799,074</u>	<u>24,834</u>	<u>9,823,908</u>	<u>10,401,429</u>	<u>6,360</u>	<u>10,407,789</u>
Total expenditure	<u>10,016,867</u>	<u>24,834</u>	<u>10,041,701</u>	<u>10,699,860</u>	<u>6,360</u>	<u>10,706,220</u>
Company						
	Year ended 31 July 2021			Year ended 31 July 2020		
	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Fundraising expenses	100,990	-	100,990	139,647	-	139,647
Raising funds	<u>100,990</u>	<u>-</u>	<u>100,990</u>	<u>139,647</u>	<u>-</u>	<u>139,647</u>
Staff costs	5,908,909	-	5,908,909	6,328,482	-	6,328,482
Governance costs	14,800	-	14,800	14,600	-	14,600
Other costs	3,057,031	24,834	3,081,865	3,248,143	6,360	3,254,503
Depreciation	818,334	-	818,334	810,204	-	810,204
Charitable activities	<u>9,799,074</u>	<u>24,834</u>	<u>9,823,908</u>	<u>10,401,429</u>	<u>6,360</u>	<u>10,407,789</u>
Total expenditure	<u>9,900,064</u>	<u>24,834</u>	<u>9,924,898</u>	<u>10,541,076</u>	<u>6,360</u>	<u>10,547,436</u>

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 July 2021

9 Analysis of Total Resources Expended (continued)

	Staff Costs £	Other Costs £	Depreciation £	2021 Total £	2020 Total £
Raising funds:					
Trading costs of subsidiaries	20,518	96,285	-	116,803	158,784
Fundraising	96,474	4,516	-	100,990	139,647
Total for Group	116,992	100,801	-	217,793	298,431
Charitable activities:					
Teaching	4,402,911	98,671	-	4,501,582	4,884,095
Welfare	711,870	1,084,058	-	1,795,928	1,747,529
Premises	336,319	1,225,487	818,334	2,380,140	2,374,817
Support	457,809	673,649	-	1,131,458	1,386,748
Governance costs	-	14,800	-	14,800	14,600
Total for Group	5,908,909	3,096,665	818,334	9,823,908	10,407,789
Total Resources Expended - Group	6,025,901	3,197,466	818,334	10,041,701	10,706,220
Total Resources Expended - Charity	6,005,383	3,101,181	818,334	9,924,898	10,547,436

The difference between the total resources expended by the group and total resources expended by the charity relates solely to the trading costs of the charity's subsidiaries.

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 July 2021

9 Analysis of Total Resources Expended (continued)

	Staff Costs £	Other Costs £	Depreciation £	2020 Total £	2019 Total £
Raising funds:					
Trading costs of subsidiaries	73,095	85,689	-	158,784	189,051
Fundraising	131,965	7,682	-	139,647	178,227
Total for Group	205,060	93,371	-	298,431	367,278
Charitable activities:					
Teaching	4,663,299	220,796	-	4,884,095	4,882,247
Welfare	643,085	1,104,444	-	1,747,529	2,071,524
Premises	353,369	1,211,244	810,204	2,374,817	2,369,420
Support	668,730	718,018	-	1,386,748	1,483,489
Governance costs	-	14,600	-	14,600	14,600
Total for Group	6,328,483	3,269,102	810,204	10,407,789	10,821,280
Total Resources Expended - Group	6,533,543	3,362,473	810,204	10,706,220	11,188,558
Total Resources Expended - Charity	6,460,448	3,276,784	810,204	10,547,436	10,999,507

The difference between the total resources expended by the group and total resources expended by the charity relates solely to the trading costs of the charity's subsidiaries.

10 Analysis of Investment Gains and Losses

	2021 £	2020 £
Fair value gains / (losses) on financial instruments		
Change in value of financial assets held at fair value	204,688	(40,622)
	<u>204,688</u>	<u>(40,622)</u>

All investment gains and losses recognised in the current and prior year have arisen within unrestricted funds.

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 July 2021

11 Tangible Fixed Assets

Group

	Freehold Land and Buildings £	Assets Under Construction £	Property Improve- ments £	Furniture and Equipment £	Plant, Machinery and Motor Vehicles £	Total £
Cost						
At 31 July 2020	14,881,303	357,387	4,197,031	1,795,038	837,826	22,068,585
Additions	44,769	732	11,850	66,214	1,918	125,483
Transfers	357,387	(357,387)	-	-	-	-
At 31 July 2021	<u>15,283,459</u>	<u>732</u>	<u>4,208,881</u>	<u>1,861,252</u>	<u>839,744</u>	<u>22,194,068</u>
Depreciation						
At 31 July 2020	3,273,195	-	2,687,447	1,509,067	631,760	8,101,469
Charge for year	390,955	-	196,337	179,561	51,481	818,334
At 31 July 2021	<u>3,664,150</u>	<u>-</u>	<u>2,883,784</u>	<u>1,688,628</u>	<u>683,241</u>	<u>8,919,803</u>
Net Book Value						
At 31 July 2021	<u>11,619,309</u>	<u>732</u>	<u>1,325,097</u>	<u>172,624</u>	<u>156,503</u>	<u>13,274,265</u>
At 31 July 2020	<u>11,608,108</u>	<u>357,387</u>	<u>1,509,584</u>	<u>285,971</u>	<u>206,066</u>	<u>13,967,116</u>

Company

	Freehold Land and Buildings £	Assets Under Construction £	Property Improve- ments £	Furniture and Equipment £	Plant, Machinery and Motor Vehicles £	Total £
Cost						
At 31 July 2020	14,969,871	357,387	4,197,031	1,790,559	837,826	22,152,674
Additions	44,769	732	11,850	66,214	1,918	125,483
Transfers	357,387	(357,387)	-	-	-	-
At 31 July 2021	<u>15,372,027</u>	<u>732</u>	<u>4,208,881</u>	<u>1,856,773</u>	<u>839,744</u>	<u>22,278,157</u>
Depreciation						
At 31 July 2020	3,273,195	-	2,687,447	1,504,588	631,760	8,096,990
Charge for year	390,955	-	196,337	179,561	51,481	818,334
At 31 July 2021	<u>3,664,150</u>	<u>-</u>	<u>2,883,784</u>	<u>1,684,149</u>	<u>683,241</u>	<u>8,915,324</u>
Net Book Value						
At 31 July 2021	<u>11,707,877</u>	<u>732</u>	<u>1,325,097</u>	<u>172,624</u>	<u>156,503</u>	<u>13,362,833</u>
At 31 July 2020	<u>11,696,676</u>	<u>357,387</u>	<u>1,509,584</u>	<u>285,971</u>	<u>206,066</u>	<u>14,055,684</u>

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**12 Investments Held as Fixed Assets**

	UK Listed £	Cash for Investment £	Group Total £	Investment in subsidiary £	Company Total £
Balance at 31 July 2020	480,344	-	480,344	1	480,345
Additions	99,210	-	99,210	-	99,210
Disposals	(83,314)	-	(83,314)	-	(83,314)
Gain on revaluation	204,688	-	204,688	-	204,688
	<u>700,928</u>	<u>-</u>	<u>700,928</u>	<u>1</u>	<u>700,929</u>
Balance at 31 July 2021	<u>700,928</u>	<u>-</u>	<u>700,928</u>	<u>1</u>	<u>700,929</u>
Historical cost	<u>404,390</u>	<u>-</u>	<u>404,390</u>	<u>1</u>	<u>404,391</u>

Investments whose individual market value exceeds 5% of the total are as follows:

Securities Trust of Scotland	£37,524
Scottish Mortgage Trust	£90,839
Finsbury Growth Income Trust	£36,960
Scottish American Investment Co.	£47,975
Henderson International Income Trust	£47,120
Murray Income Trust PLC	£49,884
Pacific Assets Trust	£43,680
Threadneedle UK Corporate Bond	£35,534
Royal London Asset Management Global	£45,720
Alliance Trust	£37,650

13 Subsidiaries

Details of the company's subsidiaries at 31 July 2021 are as follows:

Name	Type	Registered Office Key	Class of Share Held	% Ownership	Net Assets (£)
Merchiston Enterprises Limited	Company limited by guarantee	1	N/A	100	33,888
Merchiston International Limited	Company limited by shares	1	Ordinary	100	961

Registered office addresses:

1. Merchiston Castle School, 294 Colinton Road, Edinburgh, EH13 0PU

MERCHISTON CASTLE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 July 2021

14	Stock	2021 Group £	2020 Group £	2021 Company £	2020 Company £
	Stock	127,354	112,240	25,754	21,170
		<u>127,354</u>	<u>112,240</u>	<u>25,754</u>	<u>21,170</u>
15	Debtors	2021 Group £	2020 Group £	2021 Company £	2020 Company £
	Fees and outlays in arrears	138,050	70,123	138,050	70,123
	Prepayments and accrued income	162,863	321,118	162,863	321,118
	Amounts due from associated companies	-	8,491	379,230	291,075
	Other debtors	51,926	14,565	1,042	10,634
		<u>352,839</u>	<u>414,297</u>	<u>681,185</u>	<u>692,950</u>
16	Creditors: Amounts falling due within one year	2021 Group £	2020 Group £	2021 Company £	2020 Company £
	Trade creditors	55,290	157,516	55,290	151,957
	Taxes and social security costs	183	81	-	-
	Other creditors	167,609	162,626	161,185	162,030
	Amounts due to associated companies	13,560	-	13,560	-
	Bank loans and overdrafts	-	12,500	-	12,500
	Fees in advance	920,623	714,175	920,623	714,175
	Accruals and deferred income	425,250	351,852	420,221	346,954
		<u>1,582,515</u>	<u>1,398,750</u>	<u>1,570,879</u>	<u>1,387,616</u>

Bank of Scotland plc holds a bond and floating charge over the assets of the company.

Fees paid in advance are as follows:

	2021 Group and Company £	2020 Group and Company £
Balance as at 31 July 2020	714,175	1,362,065
Amount released to incoming resources	(714,175)	(1,362,065)
Amount deferred in the year	<u>920,623</u>	<u>714,175</u>
Balance as at 31 July 2021	<u>920,623</u>	<u>714,175</u>

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**17 Creditors:** Amounts falling due after more than one year

	2021 Group and Company £	2020 Group and Company £
Other creditors	729,353	589,601
Bank loans and overdrafts	<u>-</u>	<u>737,500</u>
	<u>729,353</u>	<u>1,327,101</u>

Amounts included in other creditors above which fall due after five years are as follows:

Payable other than by instalments	<u>4,000</u>	<u>8,000</u>
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18 Bank loans and overdrafts

	2021 Group and Company £	2020 Group and Company £
Bank loans	<u>-</u>	<u>750,000</u>

Analysis of bank loans

	2021 Group and Company £	2020 Group and Company £
Payable within one year	-	12,500
Payable within two to five years	-	587,500
Payable after five years	<u>-</u>	<u>150,000</u>
	<u>-</u>	<u>750,000</u>

The School received a bank loan in the prior year under the Coronavirus Business Interruption Loan Scheme from Bank of Scotland. The loan attracted interest at a rate of base rate plus 1.21% per annum. The full balance was repaid during the year.

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 31 July 2021**19 Capital and Reserves**

Group	Unrestricted Reserves £	Revaluation Reserve £	Restricted Reserves £	Total Reserves £
Balance as at 31 July 2020	16,488,064	134,564	1,159,517	17,782,145
Surplus for the year	6,768	204,688	894	212,350
Transfers	108,509	-	(108,509)	-
	<u>16,603,341</u>	<u>339,252</u>	<u>1,051,902</u>	<u>17,994,495</u>
Balance as at 31 July 2021	<u>16,603,341</u>	<u>339,252</u>	<u>1,051,902</u>	<u>17,994,495</u>
Company	Unrestricted Reserves £	Revaluation Reserve £	Restricted Reserves £	Total Reserves £
Balance as at 31 July 2020	16,601,597	134,564	1,159,517	17,895,678
(Deficit) / surplus for the year	(52,906)	204,688	894	152,676
Transfers	108,509	-	(108,509)	-
	<u>16,657,200</u>	<u>339,252</u>	<u>1,051,902</u>	<u>18,048,354</u>
Balance as at 31 July 2021	<u>16,657,200</u>	<u>339,252</u>	<u>1,051,902</u>	<u>18,048,354</u>

20 Analysis of Group Net Assets between Funds

The restricted fund balance represented by current assets at 31 July 2021 was £1,051,902 (2020 - £1,159,517). Unrestricted funds are free to be used in accordance with the charitable objectives of the School. Restricted funds represent those assets which have been historically held to fund bursaries and the donation income received for the planning and construction of the new sport and leisure facilities. The transfer in the current year from restricted reserves to unrestricted reserves was £108,509 (2020 - £200,852).

Sufficient resources are held in an appropriate form to enable all funds to be applied in accordance with the restrictions imposed on them.

21 Capital Commitments	2021 £	2020 £
Amount authorised and contracted for	<u>-</u>	<u>100,698</u>

MERCHISTON CASTLE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 July 2021****22 Operating lease commitments**

At the reporting date the company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	6,192	6,192
Between two and five years	7,224	13,416
	<u>13,416</u>	<u>19,608</u>

23 Related Party Transactions

The charitable company has a connected undertaking, Merchiston Enterprises Limited (a company limited by guarantee) which utilises the facilities owned by the School (at an agreed rental) for letting and promotional events to benefit the School. During the year, Merchiston Enterprises Limited was charged rent of £100 (2020 - £100) for use of the facilities and made a distribution under gift aid to the School of £22,000 (2020 - £24,000) which is treated as a distribution from reserves. During the year, Merchiston Enterprises Limited was recharged £20,388 (2020 - £18,120) in relation to staff wages. The amount due to the school by Merchiston Enterprises Limited at 31 July 2021 was £134,571 (2020 - £125,690).

The charitable company also holds an investment in another subsidiary, Merchiston International Limited (a company limited by shares) which promotes the Merchiston ethos and education overseas. During the year, a distribution under gift aid of £85,000 (2020 - £nil) was received and wages of £nil (2020 - £48,692) were recharged to this company. The amount due by Merchiston International Limited to the School at 31 July 2021 was £244,658 (2020 - £156,893).

The Governors received no remuneration during the year (2020 - £nil) and no reimbursement of travel and subsistence expenses (2020 – one Governor £363). Where any of the Governors are parents of pupils at the school they have arms length transactions in relation to payment of school fees.

During the year the School incurred costs of £nil (2020 - £1,725) for services provided by a company of which a Governor of the School is also a Director. These services were for advertising costs incurred in the ordinary course of business.

During the year the School recharged wages of £8,334 (2020 - £8,334) to Merchistonian Club, a Club of which a Governor of the School is also a member of the Club's committee. The amount owed by the School to Merchistonian Club at 31 July 2021 was £13,560 (2020 – amount owed to the School by Merchistonian Club £8,491).

During the year ended 31 July 2019 two members of key management personnel were provided with staff loans and the remaining balance of £nil (2020 - £611) is included in other debtors at the year end.

24 Control

In the opinion of the Governors there is no controlling party.